

# Comparative analysis of Austrian and Hungarian employment characteristics in rural areas

Miklós Pakurár<sup>1</sup>

**Abstract** –The central issue of rural development in the EU is to improve the employment of people in rural areas. Labour market effects are presumably higher between neighbouring countries, like Austria and Hungary where rural development should be based on the precise knowledge of the employment characteristics. This publication characterises the employment in Austria and Hungary at the NUTS2 level using Eurostat data.

## INTRODUCTION

The European Employment Policy is based on the Treaty establishing the European Community. High level of employment is a main priority of the Treaty. Making the employment of EU citizens easier and increasing geographical and occupational mobility of inhabitants are high priorities of the Community.

Tomandl (2006) examined the outcome of the European Union enlargement on the Austrian labour market particularly the effect of neighbouring new member states: the Czech Republic, the Slovak Republic, Slovenia, and Hungary. He stated that “for the labour market it is important that Austria has old close relations with these countries”. It was proved that the enlargement had a positive effect on the Austrian economy. Austrian export to these four countries developed faster than those to other countries and the foreign trade with these countries was positive. With reference to investment Austria holds the third place in Hungary. Austrian imports also increased in the examined time period.

Studying the sources of the high growth performance of Austria Zagler (2000) found that, amongst other factors, the low duration of unemployment and high youth employment had significant effect on the economic growth.

The job market can be affected by immigration, mainly regarding the employment of young natives. In Austria the detrimental effect of immigrants on the employment of young male workers did not exist or was only minor (Winter-Ebmer & Zweimüller, 1999).

Based on Eurostat data, this publication attempts to compare employment related questions on NUTS2 level for better strategies and for more precise allocation of funds.

## METHODS

The publication is based on Eurostat data at the NUTS 2 level. The selection of indexes based on the

results of EU and national research projects, the scientific literature of recent years and the available data from the Eurostat General and Regional Database from 1999 to 2007. In terms of rurality the regions are divided into three groups: predominantly urban regions (PR), intermediate regions (IR) and predominantly rural regions (PR). The categorisation of rurality based on the methodology of the OECD, which relies on population density as the criteria of rurality (Rural Development in the European Union, 2007).

## RESULTS AND DISCUSSION

The employment and unemployment situation and trends are described using the indexes of employment, weekly hours of work, and unemployment.

In absolute numbers, the population is generally higher in Hungarian NUTS2 regions than in Austrian regions. However, while in Hungary the most populous region is the only predominantly urban region, in Austria one PU region has less inhabitants than the majority of the regions. The population increased or did not change in Austria irrespectively of the rurality status of the region; but in Hungary the population decreased in each PR region and decreased or did not alter in IR regions and increased in the PU region. Despite the decreasing tendency of natural population level, the population of Austria did not decrease, due to the migration into the country. In contrary, the diminishing natural population change was not compensated in Hungary which suggests that the decreasing tendencies in demography will last for the coming years.

The employment in absolute numbers was on a similar level in rural areas of Hungary in the examined period only in one region, in Central Hungary (PU), improved the employment during that time. In contrary, in Austria, three PR regions of the five and both IR regions experienced growth in employment however in PU regions the employment did not alter considerably. Examining the total employment rates, it was found that there were ups and downs in each regions of the two countries and there were no clear tendencies in the development of employment rates. In Austria the total employment rate was from about 52% to 62% irrespectively of the region type. In Hungary these values were between 40% and 50%, being the smallest in PR regions and in one IR region and the highest in the remaining IR regions and the only PU region. Regarding employment, the best situation is in Austria which is followed by urban regions of

---

<sup>1</sup> The author is from the University of Debrecen, Faculty of Economics and Rural Development, Hungary (pakurar@agr.unideb.hu).

Hungary and the less favourable situation is in rural regions in Hungary.

The pattern of employment rate of males and females was similar to the pattern of total employment rate but the males' rates were about 20% higher in each region than the rates of females. In the period of 1999-2007 four Austrian region of each region type reached the 70% male employment level while only one IR region had higher male employment rate than 60% in Hungary in the same period. The general improvement in female employment rates was intensive in Austria but it was not experienced in Hungary. Uncovering the causes of increased female employment in Austria may serve as good practice examples.

Employment rate by age shows huge differences amongst cohorts. Cohorts between 15-24 years and 25-64 years were analysed. The employment rates of the younger generation were not dependent on rurality in Austria. In Hungary higher values of employment rates were found in urban areas and lower values in rural areas. Important differences are in the tendency of employment development in the age group of 15-24 since the employment rates of NUTS2 regions do not show an increasing or decreasing trend in the examined time period. The employment rate of this cohort decreased by about 15 percentage points in each Hungarian region during the same period. As a result of this trend, at the end of the period, the differences between the Austrian and Hungarian employment rates of the younger people increased. In 2007 the employment rate of the 15-24 age group was 47-60% in Austria and 18-26% in Hungary. In Hungary this age group with an extremely low employment level faces enormous difficulties to get a job in their region and probably this is the group which is forced to search for job far from their homes. The employment rate of the cohort of 25-64 years was on a similar level in Austrian regions while in Hungary the employment rate of this age group was higher in urban areas mainly in the western part of the country. The employment rate of the 25-64 cohort increased in every region of both countries from 1999 to 2000 with one exception in Austria (AT13).

Comparing the development of employment by economic activity, it can be stated that the service sector is the biggest and the most dynamically improving sector. The industry, the second most important sector, stagnated. The sector of agriculture, hunting, forestry and fishing (AHFF) employed the smallest number of people and stayed on a similar level or improved slightly in Austria, and decreased significantly in each Hungarian region. In Hungary more people were employed in agriculture in rural regions than in urban regions however there are PR regions with high number and low number of people working in the AHFF sector.

Analysing the evolution of employment by highest level of education attained, an increasing number of people with tertiary education was found in each region of the two countries with no differences between urban and rural areas. The number of people employed with pre-primary, primary and lower secondary education decreased in every Hungarian region. However it first diminished and then grew in

Austria. Given the improved employment of people with tertiary education, the importance of knowledge-intensive activities seems to be increasing, which underlines the importance of education.

Studying the unemployment rates of the countries it can be seen that three Hungarian regions, the most urban regions in the northern part of the country, have comparable unemployment rates to the Austrian, averaging about 4-5%. However the other mainly PR regions had a significantly higher rates of unemployment, with 6-10%. In Austria unemployment rates did not differ by rurality being 2-4% in the majority of the regions. Only the AT13 region exceeded 8%.

The longer the period of unemployment, the harder it is for the unemployed to return to work. Therefore long-term unemployment (12 months and more) should be decreased. In case of long-term unemployment there are notable differences between the two countries. On average, the long-term unemployment was below 1% in the Austrian regions, with the exception of AT13, where it was close to 3%. In Hungary the long term unemployment was on a significantly higher level with about 3% in the PU region and in two IR regions and above 3% in PR regions and in one IR region.

When the quality of life is examined in a region it is important to know how long it takes to earn the income. The average number of usual weekly hours of work in the main job continuously decreased in Hungary. The indicator fluctuated in Austria, decreasing in the first part of the period and increasing in the second part. While in Hungary people worked more hours in the PU region, in Austria both the longest working hours and the shortest working hours were found in PR regions. Comparing the weekly hours of work in main job in the two countries' regions it was found that Hungarian people worked two hours more than Austrian workers.

#### SUMMARY

A comparative analysis of Austrian and Hungarian employment characteristics was carried out, to identify the importance of rural development in this field. The analysis of employment-related indicators shows that there are no or very little differences between urban and rural areas in Austria. However, in Hungary urban and rural areas differ significantly in many cases. The urban areas are in a better position than rural areas.

#### REFERENCES

- Rural Development in the European Union. *Statistical and Economic Information Report*. (2007). [http://ec.europa.eu/agriculture/agrista/rurdev2007/RD\\_Report\\_2007.pdf](http://ec.europa.eu/agriculture/agrista/rurdev2007/RD_Report_2007.pdf)
- Tomandl, T. (2006). Austria and Labour in Future Europe. *Transition Studies Review* 13(1): 58-63.
- Winter-Ebmer, R. and Zweimüller J. (1999). Do immigrants displace young native workers: The Austrian experience. *Journal of Population Economics* 12(2): 327-340.
- Zagler, M. (2000). On the sources of the high growth experience in Austria. *International Advances in Economic Research* 6(2): 210-220.